

Message Text

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ACTION ACDA-10

INFO OCT-01 ARA-10 EUR-12 IO-10 ISO-00 NEA-10 ACDE-00

INRE-00 SSO-00 NSCE-00 USIE-00 CIAE-00 DODE-00 PM-03

H-02 INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02

SS-15 EB-07 OES-05 FEAE-00 COME-00 TRSE-00 MC-02

AID-05 SAJ-01 OMB-01 /114 W
----- 062700

O R 051748Z JUN 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 0561

INFO AMEMBASSY BRASILIA IMMEDIATE

AMCONSUL RIO DE JANEIRO IMMEDIATE

USMISSION EC BRUSSELS

USMISSION IAEA VIENNA

ERDA GERMANTOWN

NRC BETHESDA

UNCLAS SECTION 01 OF 02 BONN 09076

E.O. 11652: N/A

TAGS: TECH, ENRG, BR, GW

SUBJECT: GERMAN SALES OF NUCLEAR TECHNOLOGY TO BRAZIL

REF: BONN 8991

1. SUMMARY: TODAY'S REPORTING IN FRG MEDIA RE
SUBJECT SALE FOCUSES MOSTLY ON BACKGROUND OF SALE.
FRANKFURTER ALLGEMEINE ZEITUNG (FAZ) CARRIES A
LENGTHY ARTICLE WHICH CATALOGUES US ATTEMPTS TO
INTERFERE WITH FRG COMPETITIVE POSITION. THOUGH
NUMBER OF ARTICLES CARRY COMMENT OF "BONN GOVERNMENT
CIRCLES", FRG GOVERNMENT HAS AS YET NOT MADE AN
OFFICIAL DECLARATION IN REFERENCE TO FRG REACTION TO
STATE DEPARTMENT PRESS BRIEFING, STATEMENTS OF
BRAZILIAN OFFICIALS, OR STATEMENT OF SENATORS PASTORE
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AND RIBICOFF. FRG FOREIGN MINISTRY GAVE PRESS

BRIEFING JUNE 4 ON PROJECT SALE AND IS PROBABLE
SOURCE OF INFORMATION IN THE MEDIA. END SUMMARY.

2. FAZ FRONTPAGES A REPORT DATED NEW YORK THAT
SENATORS PASTORE AND RIBICOFF REQUESTED PRESIDENT
FORD TO PREVENT FRG SALES OF NUCLEAR POWER STATIONS
TO BRAZIL BECAUSE BRAZIL WOULD THEREBY BE TECHNOLOGIC-
ALLY IN A POSITION TO PRODUCE ATOMIC BOMBS AND THUS
BECOME A RISK TO THE US. WHEREAS WASHINGTON ADMITS
THAT BRAZIL AGREED DURING THE NEGOTIATIONS WITH THE
GERMANS TO ACCEPT IAEA CONTROLS, US CONGRESS FEELS
THAT THESE CONTROLS (TO WHICH THE US DOES NOT ADHERE)
ARE NOT STRINGENT ENOUGH.

3. A SECOND REPORT IN THE SAME FAZ ISSUE POINTS OUT
THAT THE FRG IS INTERESTED IN ELIMINATING ANY
IRRITANTS IN FRG-US RELATIONS AND THEREFORE FRG KEPT
THE US THOROUGHLY INFORMED ABOUT NEGOTIATIONS WITH
BRAZIL OVER THE AGREEMENT. THESE NEGOTIATIONS ENDED
ON FEBRUARY 12. ON FEBRUARY 19 THE US AMBASSADOR
WAS INFORMED AND, SIMULTANEOUSLY, DISCUSSIONS WERE
HELD IN WASHINGTON. SUBSEQUENTLY, ON APRIL 7 A US
DELEGATION SENT TO BONN REQUESTED THAT FAVORABLE
ACTION ON THE BRAZIL AGREEMENT BE PUT IN SUSPENSE.
NOR DID BONN SOURCES DENY THAT A DEMARCHE HAD
BEEN MADE BY THE US SECRETARY OF STATE. ALTHOUGH
THE FRG WILL DEPEND ON THE US FOR NUCLEAR FUELS FOR
THE FORESEEABLE FUTURE, DISAPPROVAL OF THE AGREEMENT
WOULD NOT ONLY HAVE UNFAVORABLY AFFECTED GERMAN-
BRAZILIAN RELATIONS BUT MIGHT HAVE ALSO RESULTED IN
UNFAVORABLE EFFECTS ON POSSIBLE COOPERATIVE PROJECTS
WITH OTHER COUNTRIES. THE ARTICLE SUMMARIZES THE
COMPLETE TERMS OF THE AGREEMENT (AS WE HAVE KNOWN
THEM) AND ASSERTS THAT IT WAS CONCLUDED UNDER THE 1969
FRAMEWORK AGREEMENT BETWEEN BONN AND BRASILIA
ON COOPERATION IN SCIENTIFIC
RESEARCH AND TECHNOLOGICAL DEVELOPMENT.

4. THE ARTICLE PROCEEDS TO CATALOGUE US EFFORTS TO
INTERFERE WITH FRG NUCLEAR EXPORTS. INTERFERENCE
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FROM WESTINGHOUSE IS SUGGESTED IN THE BRAZILIAN CONTEXT
BECAUSE WESTINGHOUSE HAD GREAT EXPECTATIONS OF
FUTURE ORDERS IN BRAZIL, SUBSEQUENT TO THE ORDER
PLACED FOR THE ANGRA DOS REIS POWER STATIONS. SOURCES
IN BONN SPEAK QUITE FRANKLY OF WILLFUL MISREPRESENTA-
TIONS IN THE US ALLEGATIONS THAT THE SIGNING OF
THE GERMAN-BRAZILIAN AGREEMENT WILL LEAD TO A
BRAZILIAN ATOMIC BOMB AND THESE SOURCES ALLEGE

THAT COMPETITORS HAD CIRCULATED UNFOUNDED RUMORS ON
EARLIER OCCASIONS WHEN OTHER NUCLEAR CONTRACTS WERE
PENDING. SPECIFIC INSTANCES WERE CITED INVOLVING
PROJECTS IN ARGENTINA, YUGOSLAVIA AND IRAN.

5. THE ARTICLE ASSERTS THAT THE US HAS SOLD
SIX NUCLEAR POWER STATIONS TO SPAIN, ALSO NOT A
SIGNATORY TO THE NPT. IN THIS INSTANCE, ON THE OTHER
HAND, THE BRAZILIAN GOVERNMENT HAS MADE THE FOLLOWING
COMMITMENTS: (1) A GENERAL PLEDGE TO NON-PROLIFERATION

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OF NUCLEAR WEAPONS, (2) SUBJECTION OF ALL NUCLEAR
EQUIPMENT AND MATERIALS INCLUDING THE FRG-SUPPLIED

KNOW-HOW TO IAEA SAFEGUARDS, (3) A COMMITMENT NOT TO USE GERMAN-SOURCED MATERIALS AND TECHNOLOGY TO PRODUCE NUCLEAR WEAPONS AND EXPLOSIVES, (4) TO RE-EXPORT ONLY IF THE RECIPIENT HAS CONCLUDED A SAFEGUARDS AGREEMENT WITH IAEA AND ONLY SUBJECT TO FRG APPROVAL, (5) TO APPLY THE AGREED SAFEGUARDS FOR AN UNLIMITED PERIOD AFTER THE EXPIRATION OF THE AGREEMENT.

6. ACCORDING TO THE ARTICLE, THESE COMMITMENTS GO BEYOND THE NPT. ALTHOUGH THE INDIAN NUCLEAR EXPLOSION HAS RAISED DOUBT AS TO THE ADEQUACY OF THE NPT IN ITS PRESENT FORM, BONN POINTS OUT THAT CANADA DID NOT UNCLASSIFIED

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OBTAIN ASSURANCES FROM INDIA AS COMPREHENSIVE AS THOSE OF GERMAN-BRAZILIAN AGREEMENT. IT IS CONCEDED, HOWEVER, THAT BONN DID NOT SUCCEED IN GETTING THE BRAZILIANS TO SUBJECT THEIR ENTIRE FUEL CYCLE TO IAEA SAFEGUARDS AS THE US HAD DIRECTLY REQUESTED, EVEN THOUGH SUCH A REQUEST WAS BOUND TO FAIL. "CONSEQUENTLY, BRAZIL IS FREE TO BUILD -- IN ADDITION TO THE CONTROLLED NUCLEAR FUEL CYCLE, DEVELOPED UNDER THE GERMAN-BRAZILIAN COOPERATION AGREEMENT -- AN UNCONTROLLED NUCLEAR FUEL CYCLE OF ITS OWN" AND IN THE LONG RUN BRAZIL MAY GAIN SPINOFF FROM THE KNOW-HOW OBTAINED DURING THE COOPERATION WITH THE GERMANS FOR PRODUCTION OF NUCLEAR EXPLOSIVES. THE ARTICLE CLOSES BY STATING THAT, IF THE FRG HAD NOT CONCLUDED THIS AGREEMENT OTHERS MIGHT HAVE DONE SO, FOR EXAMPLE, FRANCE EVEN UNDER LESS STRINGENT SAFEGUARD CONDITIONS. MOREOVER, BRAZIL COULD WELL HAVE DECIDED TO DEVELOP A NUCLEAR INDUSTRY THROUGH ITS OWN EFFORTS, ALBEIT AT A SLOWER PACE, SUBJECT TO NO SAFEGUARDS WHATSOEVER.

7. RHEINISCHE POST CARRIES A REPORT FROM WASHINGTON BY GUENTHER DE THIER THAT THE "TOUGH STRUGGLE BEHIND THE SCENES" BETWEEN THE US AND THE FRG OVER DELIVERING NUCLEAR POWER PLANTS TO BRAZIL SEEMS TO HAVE BEEN CONCLUDED FOR THE TIME BEING. "THE FRG AND BRAZIL HAVE YIELDED TO AMERICAN PRESSURE TO INCLUDE IN THEIR AGREEMENT ADDITIONAL SAFEGUARDS TO PREVENT ABUSE OF NUCLEAR TECHNOLOGY."

8. FRANKFURTER RUNDSCHAU CARRIES A REPORT FROM GENEVA THAT NONE OF THE PARTICIPANTS AT THE RECENT NPT CONFERENCE HAD QUESTIONED GERMAN ADHERENCE TO NPT, ALTHOUGH THE BASIC LINES OF THE WEST GERMAN-BRAZILIAN AGREEMENT HAD BEEN KNOWN BEFORE THE NPT CONFERENCE WAS CONCLUDED. IN THE VIEW OF DIPLOMATIC QUARTERS

IN GENEVA, AMERICAN PRESS REPORTS THAT THE AGREEMENT
MIGHT OPEN FOR BRAZIL THE DOOR TO NUCLEAR WEAPONS
ARE PART OF THE TOUGH STRUGGLE FOR THE BRAZILIAN
MARKET.

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9. SUEDEDEUTSCHE ZEITUNG (SZ) MENTIONS BONN'S OWN
SKEPTICISM AS TO TIMELY COMPLETION OF EC COMMISSION
EXAMINATION OF THE GERMAN-BRAZILIAN AGREEMENT
SCHEDULED TO BE SIGNED ON JUNE 26.
HILLENBRAND

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